

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	Criminal No. 02-506-A
)	
)	Count 1: 18 U.S.C. §371
v.)	[Conspiracy To Defraud The
)	United States And To Cause
)	Another To Submit A False
JEFFREY W. BOCHESA)	And Fraudulent Claim To An
)	Agency Of The United States
)	In Violation Of 18 U.S.C.
)	§287]

STATEMENT OF FACTS

If this matter were to proceed to trial, the United States would prove the following beyond a reasonable doubt.

I. INTRODUCTION

1. TRW, Inc., ("TRW") was headquartered in Cleveland, Ohio. Through its Space and Electronics Division, TRW operated a facility at Redondo Beach, in Los Angeles County, California.

2. The National Reconnaissance Office (the "NRO") was an intelligence organization of the United States Government, with its headquarters in Chantilly, Virginia. Throughout the 1990's and up to the present, the United States Department of Defense ("DOD") and the NRO maintained contracts with TRW that TRW performed at its Redondo Beach facility.

3. Bob Parrett Construction Company (hereinafter referred to as "Parrett Construction") performed multi-purpose commercial construction projects throughout the greater Los Angeles

metropolitan area, including projects for TRW at Redondo Beach. In March 1996 Parrett Construction was awarded a blanket contract (numbered D298G) with TRW based upon Parrett Construction's agreement with TRW wherein Parrett Construction agreed to charge TRW a certain hourly rate for different types of skilled labor on TRW construction projects that totaled less than \$25,000. That figure was changed to \$50,000 in May 2000. The blanket contract also allowed Parrett Construction, as a general contractor, to bill TRW a markup or burden of three per cent of what Parrett Construction paid to subcontractors for work on a Parrett Construction/TRW project.

4. Using the blanket contract, TRW building managers had discretion to hire Parrett Construction, without competitive bidding, on various construction, repair, or maintenance projects costing (until May 2000) less than \$25,000. If the cost of the project appeared to exceed \$25,000, TRW building managers were obligated to seek competitive bids from at least two construction companies.

5. Jeffrey A. Zmina was a TRW employee at Redondo Beach who in 1997 became a structural department supervisor responsible for modifications to, as well as maintenance for, certain TRW buildings that were used in TRW's performance of NRO and DOD contracts.

6. Marco Urrea was an employee of Parrett Construction since 1991. From 1996 until approximately January 2001, Urrea worked as the Parrett Construction project manager for TRW at Redondo Beach. In accordance with the blanket agreement, Urrea entered into agreements with TRW building managers to repair, maintain, or modify certain TRW facilities that were used by TRW in its performance of United States Government contracts, including contracts with the NRO and the DOD.

7. The defendant, JEFFREY W. BOCHESA, was a part owner of Parrett Construction and supervised employee Marco Urrea.

II. DEFENDANT BOCHESA'S AGREEMENT TO PAY GRATUITIES TO JEFFREY A. ZMINA AND OTHER TRW EMPLOYEES

8. As a structural department supervisor for TRW, Jeffrey A. Zmina had discretion under the blanket contract to hire Parrett Construction, without competitive bidding, to perform maintenance or construction tasks on TRW buildings under his (Zmina's) supervision, provided that the task could be performed (until May 2000) for less than \$25,000. Beginning sometime in 1997 and continuing until approximately August 1999, Jeffrey A. Zmina solicited and accepted, through both Marco Urrea and defendant BOCHESA, gratuities paid for by Parrett Construction.

9. Parrett Construction employee Marco Urrea and defendant BOCHESA arranged for Parrett Construction to pay for a number of gratuities on Jeffrey A. Zmina's behalf, worth in total approximately \$100,000. Defendant BOCHESA authorized the payment

of the gratuities with intent to reward Jeffrey A. Zmina for favorable treatment at TRW's Redondo Beach facility and to assure that Parrett Construction would have future TRW business.

10. For the same reasons, defendant BOCHESA permitted Parrett Construction to pay substantial gratuities to other TRW building managers.

III. USING TRW FUNDS TO HELP PAY FOR DEFENDANT BOCHESA'S HOME REMODELING COSTS

11. In 1999, a TRW building manager authorized Marco Urrea to bill TRW approximately \$25,000 for non-existent roof work on a TRW building used in connection with NRO and DOD contracts. The TRW building manager told Urrea that these funds could be used to cover the costs associated with remodeling the home of defendant BOCHESA. Marco Urrea created a fictitious job number in the Parrett Construction accounting records and submitted a bill in the approximate amount of \$25,000 to the TRW building manager. Marco Urrea then told defendant BOCHESA of the \$25,000 windfall and that defendant BOCHESA'S remodeling costs in question (up to approximately \$25,000) could be expensed under the fictitious Parrett Construction job number. As a result of the approval of the TRW building manager, TRW subsequently paid the fraudulent Parrett Construction bill.

IV. THE CONSPIRACY TO FRAUDULENTLY OVERCHARGE TRW

12. From March 1996 through December 2000, defendant BOCHESA agreed with another Parrett Construction principal to

frustrate and defeat the provisions of its blank contract with TRW by fraudulently overcharging TRW for work performed under the blanket contract at Redondo Beach. Parrett Construction accomplished the overcharging by having Marco Urrea submit to TRW, at the time of billing, cost completion summaries that inflated the number and category of labor hours expended on a project. The cost completion summaries also overstated Parrett Construction's subcontractor costs, thereby enabling Parrett Construction to receive larger payments from TRW for its subcontractor costs than Parrett Construction was entitled to under the blanket contract.

13. During the March 1996 through December 2000 time period, Parrett Construction performed approximately 1,744 jobs for TRW that were covered under the blanket contract. Parrett Construction billed TRW and received \$10,213,287 for these jobs, whereas, under the terms of the blanket contract, Parrett Construction should have billed and received only \$8,874,091. This resulted in a fraudulent overcharge to TRW of \$1,339,196 (15%).

V. CAUSING TRW TO PASS ON THE OVERCHARGES ITS CUSTOMERS, INCLUDING THE NRO AND THE DOD

14. From 1996 through 2000, in accordance with its NRO and DOD contracts, TRW was allowed to bill the NRO and the DOD, in the form of engineering overhead costs, approximately 94 per cent of certain occupancy overhead costs associated with the TRW

performance on NRO and DOD projects. These occupancy overhead costs included costs incurred from TRW subcontractors, including Parrett Construction, involved in modifying or maintaining certain TRW buildings at Redondo Beach used in the performance of NRO and DOD contracts. In order to spread these occupancy overhead costs over the time period of performance, TRW was allowed to periodically bill the NRO and the DOD an agreed engineering overhead rate as a percentage of the direct engineering labor costs associated with the project in question. When performance was completed under the contract, the NRO and the DOD examined TRW's overhead costs to determine whether the periodic overhead payments sufficiently covered (or overpaid) these legitimate costs. At the close of each contract, the parties made final adjustments to cover the agreed upon overhead costs associated with the contract.

15. By overcharging TRW from 1996 through 2000, defendant BOCHESA and others caused TRW to overcharge its customers, the NRO and the DOD, 94 per cent of the overcharge amount (\$1,339,196), thereby causing a loss of \$1,258,844 to the NRO and the DOD.

VI. TRW'S SUBMISSION OF A DECEMBER 1999 INVOICE TO THE NRO IN THE EASTERN DISTRICT OF VIRGINIA

16. On December 22, 1999, in Chantilly, Virginia, in the Eastern District of Virginia, in accordance with an NRO/TRW Redondo Beach contract, TRW billed the NRO for engineering labor

hours and overhead costs incurred during the period of December 4 through December 17, 1999. Along with certain other expenses, TRW included within these engineering overhead costs 94 per cent of its occupancy costs at Redondo Beach. Occupancy costs included, among other items, maintenance and repair costs paid to Parrett Construction during that December time period. During that time period, TRW paid two Parrett Construction bills for a combined amount of \$45,330. The two Parrett Construction bills in question overstated labor hours and subcontractor costs in part to cover two gratuities paid to Jeffrey A. Zmina for home remodeling earlier in 1999, namely, a Home Depot expense of \$9,801 and a Webster Flooring expense of \$8,426. Therefore, 94 per cent of these improper costs were submitted in whole or in part as indirect engineering overhead costs on TRW's invoice to the NRO on December 22, 1999.

Respectfully submitted,

PAUL J. MCNULTY
UNITED STATES ATTORNEY

Stephen P. Learned
Assistant United States Attorney

Seen and agreed:

Jeffrey W. Bochesa
Defendant

George F. Bird
Counsel for defendant